

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION

Call to Order: By **CHAIRMAN LILA TAYLOR**, on February 5, 1999 at
10:30 A.M., in Room 402 Capitol.

ROLL CALL

Members Present:

Rep. Lila Taylor, Chairman (R)
Sen. Mike Taylor, Vice Chairman (R)
Sen. Eve Franklin (D)
Sen. Ken Mesaros (R)
Rep. Ray Peck (D)
Rep. Joe Quilici (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lynn Daily, Committee Secretary
Mary Beth Linder, OBPP
Jim Turner, Legislative Branch

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary: Department of Revenue Budget
Testimony Continues

EXHIBIT (jgh29a01): Memorandum to Representative Peck from Mike
Ferguson

Mary Bryson speaks for the Department of Revenue Budget.

EXHIBIT (jgh29a02): Follow-up to Questions Raised February 4,
1999; Department of Revenue Project META Condensed from
Presentation to Long Range Planning Committee
January 11, 1999

-\$17.8 Million already committed to the project by the state

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Questions from Committee Members and Responses:

SEN. TAYLOR asks how they got to a cost of \$25 Million. **Mary Bryson** says that the figure represents an estimate by the contractor Unisys. **SEN. TAYLOR** asks if they will come back and ask for more money. **Mrs. Bryson** says the only anticipated additional costs would be software.

REP. QUILICI asks how much of the \$14.1 Million for phase I and \$3.8 Million for the Revenue Process Center has been expended in this session. **Mrs. Bryson** says that of the \$3.8 Million they have spent \$2.7 Million and out of the \$14 Million they have obligated \$14.1 Million. They are spending very little on equipment.

SEN. TAYLOR asks what they pay per hour for contracted services. **Mrs. Bryson** says that it is a fixed price bid. The contractors establish the prime staff they will use and a work plan. **SEN. TAYLOR** asks if they are on track. **Mrs. Bryson** says they are on time and on track for completion in September.

REP. QUILICI states that usually on bonding issues for Information Technology they become obsolete in 4 years. He then asks why we should bond for 10 years rather than five years. **Mrs. Bryson** says the current system has lasted 10 or more years and they believe sincerely that technology will allow them to maintain the system for up to 15 years. **SEN. TAYLOR** states that normally these systems last longer and for \$25 Million and \$14 Million they better be built right to last. **REP. QUILICI** then asks if the bonding is at 4.25%. **Mrs. Bryson** says yes.

SEN. TAYLOR asks where the savings come from. **Mrs. Bryson** says in the business case they have tried to build a Revenue Lift.

SEN. TAYLOR then states that it's obvious when you become efficient in technology there is some point that less can do more and operating costs on the new system are less. **Mrs. Bryson** states that when they built the business case they assumption was the cost would stay constant. They now project a decrease in costs and FTEs over the next 10 years.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 30.3}

REP. QUILICI asks, if for some reason the legislature wouldn't fund phase II, have they done any work on the old system to be able to use it. **Mrs. Bryson** says they have an existing withholding system and they have not made any modifications because of the anticipated replacement system. If this is not granted they would have to come back and ask for money to replace

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these systems. They have learned from what the IRS has done and have gone to other states and learned from them also.

CHAIRMAN TAYLOR asks where local government will fit into this. **Mrs. Bryson** says currently they fit into the property tax area. The DOR went out and visited with them. When they into the design of the property tax component they will invite them to participate.

REP. QUILICI asks if they plan to put any of this new technology into local government. **Mrs. Bryson** says the hope is in the long term they will be able to use it and build upon it. They will include access to cadastral system and hope to partner with local government to assist the general population. They will be putting systems out into all 56 counties.

Jim Turner says that on page A-113 he tried to account for who was charging who. He was still coming up with 4% and 6% increases when the FTEs were going down. **Mrs. Bryson** says they did exclude liquor out of the operating costs on page A-29 of Exhibit 4 February 4, 1999. They show a 2% increase in Fy00 and a 1% increase in FY01. They have a debt service payment which accounts for the increase.

CHAIRMAN TAYLOR asks what the profits from liquor were. **Jim Turner** states that on page A-127 the line that says transfer out the substantial majority of that should be General Fund money. **Mrs. Bryson** states that the transfers out represents the Liquor Excise Tax, the Liquor Licence Tax, The Beer Tax, and the Table one Tax are all included in the \$18 Million. That is not what they consider profit. What they consider profit represents about \$5 Million.

Jim Turner states that in the guide to taxes on page 5 the total profits were in the \$22 Million range and the transfers out was in the \$18 Million range. **Mrs. Bryson** states that this is not representative. There is 26% associated with licences and taxes in the sale of liquor that runs through the enterprise fund. The licence fees that don't run through the enterprise fund that are associated to the sale of liquor are collected and go directly to the General Fund and that's probably were the difference is. She will follow up on that with Senator Taylor.

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ADJOURNMENT

Adjournment: 11:20 A.M.

REP. LILA TAYLOR, Chairman

LYNN DAILY, Secretary

LT/LD

EXHIBIT (jgh29aad)